

## TALS-Allotments Policy Issues

### Issue #8

Should the system force some kind of link between internal and official allotments?

### Current Policy

Agencies have the ability to prepare allotment plans for internal purposes that differ from the official allotment plan. OFM understands that agencies have management needs for different levels of detail and frequency of updates than are required by the Budget and Accounting Act and agrees that agencies need the flexibility to prepare these internal plans. However, the legislature and OFM, have concerns when the internal plans vary so materially from the official plan that the official plan does not represent an agency's best estimated financial plan. OFM and the legislature do need to be able to rely on the official plan for monitoring purposes. Also, there have been instances when agencies have run into financial trouble after relying on internal plans that bypass the controls of the official allotment.

### Options

	Alternative 1	Alternative 2
Description	Retain the current approach and require no link between internal plans and the official allotments.	Require agency internal expenditure plans to match the official allotment in total by appropriation.
Benefits	-Provides maximum flexibility for agencies.	- Ensures that internal allotment plans maintained in the system are not materially different from the official allotments.
Risks or Consequences	- Perpetuates the current risk that the official allotment is materially different than the plan in use by the agency and that fiscal problems could occur without notice by the monitoring entities.	- More complex programming required. May be difficult to determine how to allow updates and keep the plans in synch. - Agencies may resort to building internal allotment plans outside of the system to avoid the linkage requirement.
Implementation issues		-Consider requiring the match on a periodic basis, say quarterly, when expenditure adjustments are allowed.

	Alternative 1	Alternative 2
		-Need to provide tools, such as the ability to track grants that extend beyond the fiscal biennium, that currently drive agencies to develop internal allotments.
Critical success factors		Approach does not take away the flexibility agencies need to update plans

### Proposed Approach

**Alternative 2:** Require agency internal expenditure plans to match the official allotment in total by appropriation. Consider requiring the match on a periodic basis, say quarterly, when expenditure adjustments are allowed.

### Concerns/Comments from Stakeholders

Agencies, (SPI in particular) indicated that having to match internal and external allotments would cause problems because they use internal allotments to keep track of federal grants that extend beyond the state fiscal biennium. They use the last month of the biennium to load July-Sept grant data. We agreed that the system would accommodate internal allotments that extend beyond the biennium by allowing input of extra months rather than lumping more months into June. The requirements also reflect this.